

GEORGE R. SCHULTZ, Tex #17837500, *Pro Hac Vice*

E-Mail: russ.schultz@grspc.com

SCHULTZ & ASSOCIATES, P.C.

5400 LBJ Freeway, Suite 1200

Dallas, Texas 75240

Telephone: (214) 210-5940

Facsimile: (214) 210-5941

JEFFERY G. BAIREY, SB# 111271

E-Mail: bairey@lbbslaw.com

ALISON YEW, SB# 173158

E-Mail: yew@lbbslaw.com

LEWIS BRISBOIS BISGAARD & SMITH LLP

One Sansome Street, Suite 1400

San Francisco, California 94104

Telephone: (415) 362-2580

Facsimile: (415) 434-0882

Attorneys For Plaintiff

HARDWARE RESOURCES, INC.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

HARDWARE RESOURCES, INC.,

Plaintiff,

vs.

WEST COAST MOBILE

HARDWARE, INC., DOES 1 THROUGH 10,

Defendant.

Case No.: C07-03635

**JOINT CASE MANAGEMENT
STATEMENT**

1. Jurisdiction and Service:

a. This Court has exclusive subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1338(a) and 15 U.S.C. §1121 because this case arises under the Copyright Laws of the United

1 States, 17 U.S.C. § 101 *et seq.* (“Copyright Act”) and under the Trademark Act of 1946, *as*
2 *amended*, 15 U.S.C. § 1051 *et seq.*

3 b. This Court also has subject matter jurisdiction under 28 U.S.C. § 1332 because
4 the subject matter in controversy exceeds the value of \$75,000 and the parties are citizens of
5 different states.

6 c. This Court has subject jurisdiction over the unfair competition claims herein,
7 under the provisions of 28 U.S.C. § 1338(b), because these claims are joined with substantial and
8 related claims under the trademark laws of the United States, 15 U.S.C. § 1051 *et seq.*

9 d. This Court has supplemental jurisdiction over the claims in this Complaint which
10 arise under the laws of the State of California pursuant to 28 U.S.C. § 1367(a) since the State law
11 claims are so related to the Federal claims that they form part of the same case or controversy
12 and derive from a common nucleus of operative fact.

13 e. No issues exist regarding personal jurisdiction or venue.

14 f. All parties have been served.

15 **2. Facts:**

16 a. This is a trademark infringement, copyright infringement and unfair
17 competition case. Plaintiff contends that it has adopted and used a family of trademarks, before
18 Defendant, that feature a distinguishing and distinctive feature, namely, the prefix “COR” (the
19 “HR COR Trademarks”) to sell its decorative wood carvings. Examples of the HR COR
20 Trademarks include: CORA-1, CORA-2, CORA-3, CORB-1, CORB-2, CORB-3, CORBBW-1,
21 CORC-1, CORC-2, CORC-3, CORE, CORF, CORI, CORI-1, CORK-1, CORK-2, CORK-3,
22 CORMJ, CORMI, CORMW-1, CORP-1, CORP-2 and CORP-3. Plaintiff also contends to be the
23 owner of at least eight (8) copyright registrations for original designs for decorative wood carvings
24 that were created by Plaintiff (“Works”). Additionally, Plaintiff contends that as a result of
25 substantial time, energy, money and effort, it has created a specific and unique market strategy to
26 advertise and sells its goods under the HR COR Trademarks (“Market Strategy”).
27
28

1 b. Defendant distributes and resells decorative wood carvings to consumers.

2 Plaintiff complains that Defendant's conduct of copying, distributing, selling and importing at least
3 ten (10) different works that are strikingly similar to Plaintiff's Works ("Defendant's Works")
4 constitutes copyright infringement under the laws of the United States of the copyrights owned by
5 Plaintiff in the Works. Defendant denies that Defendant's Works are "strikingly similar" to
6 Plaintiff's Works. Defendant also denies that it copied anything from Plaintiff since, among other
7 things, Defendant had no role in the design of Plaintiff's Works.
8

9 c. Defendant uses the following marks in association with some of its

10 decorative wood carvings: CORB-A-1, CORB-A-2, CORB-A-3, CORB-A-4, CORB-A-5,
11 CORB-A-6, CORB-A-7, CORB-A-8, CORB-A-9, CORB-A-10, CORB-A-11, CORB-G-1,
12 CORB-G-2, CORB-G-3, CORB-G-5, CORB-BW-1, CORB-BW-4, CORB-T-1, CORB-T-2,
13 CORB-T-3, CORB-T-4 and CORB-T-5 ("Defendant's Marks"). Plaintiff contends that
14 Defendant's Mark is so similar to the HR COR Trademarks that Defendant's action of using
15 Defendant's Mark to sell, offer for sale, distribution and advertisement of decorative wood
16 carvings to consumers throughout California and the United States is likely to cause confusion,
17 to cause mistake or to deceive consumers as to the source of origin of Defendant's goods.
18 Defendant denies that the HR COR Trademarks are protectable trademarks under applicable law.
19 Defendant also denies that any confusion, mistake, or deception exists among consumers as a
20 result of the "Defendant's Marks."
21
22

23 d. Plaintiff further contends that Defendant's uses market strategy that is

24 nearly identical to Plaintiff's Market Strategy. For example, Defendant offers for sale a range of
25 products that are nearly identical in type, design and dimension to Plaintiff under trademarks that
26
27
28

1 confusingly similar to Plaintiff's HR COR Trademarks. Defendant denies all of Plaintiff's
2 allegations concerning the "Market Strategy" claims.

3 e. *Principal Facts in Dispute.*

4 i. Validity of Plaintiff's Works and the validity of Plaintiff's HR COR
5 Trademarks.

6 ii. Whether Defendant's Works are substantially similar to Plaintiff's
7 Works.

8 iii. Whether the HR COR Trademarks have any secondary meaning or
9 recognition as originating from a single source among the public.

10 iv. Whether the use of product designations "COR" or "CORB" for wooden
11 corbel products can be considered distinctive where, among other things, other companies in the
12 industry use the same or similar product designations schemes.

13
14
15 **3. Legal Issues:**

16
17 a. *Plaintiff's Trademark Infringement Claims*

18 i. Plaintiff contends that is the owner of a family of trademarks, the HR
19 COR Trademarks" that incorporate the prefix "COR" that have been and are now recognized by
20 the public and the trade as originating from a single source, namely, Plaintiff. Plaintiff further
21 contends that its HR COR Trademarks are inherently distinctive and or have acquired secondary
22 meaning. Defendant asserts that the HR COR Trademarks are not valid trademarks. Defendant
23 also denies that they are distinctive in any way or that they have acquired any secondary
24 meaning.

25 ii. Plaintiff further contends that Defendant's use of Defendant's Marks is a
26 violation of 15 U.S.C. §1125(a)(1)(A) because Defendant has, on or in connection with goods,
27
28

1 namely, decorative wood carvings, used in commerce, words or other symbols, namely
2 Defendant's Marks, that tend to falsely describe or represent goods which are likely to cause
3 confusion, or to cause mistake or to deceive as to the affiliation, connection or association of
4 Defendant with Plaintiff as to the source of origin, sponsorship or approval of Defendant's
5 goods, services or commercial activities. Defendant denies these contentions.
6

7 iii. Plaintiff further contends that Defendant's use of Defendant's Marks is
8 likely to cause confusion between Defendant and Plaintiff as a source of goods because
9 Defendant's Marks and the HR COR Trademarks are both used for identical goods, marketed
10 towards similar consumers, advertised in similar manners and through similar channels of trade.
11 Defendant denies these contentions.
12

13 b. *Plaintiff's Copyright Infringement Claims*

14 i. Plaintiff contends that Defendant has infringed Plaintiff's copyrights
15 under 17 U.S.C. §106 by distributing, selling and/or offering for sale ten (10) different infringing
16 works that are a reproduction, derivative work, compilation or adaptation of Works owned by
17 Hardware Resources. Defendant asserts that Plaintiff's Works are not valid copyrights. If they
18 are deemed to be valid in any respect, Defendant denies that it infringes any validly
19 copyrightable element of Plaintiff's Works.
20

21 c. *Plaintiff's Unfair Competition Claims*

22 i. Plaintiff contends that Defendant's conduct of mimicking Plaintiff's
23 Market Strategy, using Defendant's Marks and any other reproduction, counterfeit, copy or
24 colorable imitation of the HR COR Trademarks and copying the range and specific products
25 offered for sale by Plaintiff constitutes unlawful, unfair and fraudulent business acts and
26 practices in violation of California Business and Professions Code. §§17200 *et seq.* Defendant
27
28

1 denies that it mimics Plaintiff or its business methods in any way. Defendant denies all of
2 Plaintiff's other contentions in this regard, as well.

3 **4. Motions:**

4 a. On October 5, 2007, Defendant filed "Defendant West Coast Mobile
5 Hardware, Inc.'s Motion to Stay Proceedings" [Doc. #15]. Plaintiff has not filed its response to
6 this Motion.

7 b. There are not other prior or pending motions.

8 c. The parties anticipate that dispositive motions will be filed.

9
10 **5. Amendment and Pleadings:**

11 a. The Parties do not anticipate amending their pleadings at this time.

12 b. Recommended cut-off date for filing any motion to amend the pleadings
13 and/or to add additional parties is May 16, 2008.

14
15 **6. Evidence Preservation:**

16 a. Prior to the initiation of this litigation, Plaintiff's counsel advised Plaintiff
17 of its duties to preserve evidence related to the issues in this action, to cease any document
18 destruction programs or the destruction of e-mails, voicemails and other electronically-recorded
19 materials that may be related to issues in this action. All pertinent employees of Plaintiff have
20 been advised to preserve evidence and are believed to be doing so accordingly.

21 b. Defendant's counsel has advised Defendant of its obligations to preserve
22 evidence.

23
24 **7. Disclosures:**

25 a. On October 12, 2007, Plaintiff served Defendant with its Rule 26(a)(1)
26 Initial Disclosures. Plaintiff has fully and timely complied with its initial disclosure
27 requirements of Fed. R. Civ. P. 26.
28

1 b. Defendant's Rule 26(a)(1) Initial Disclosures will be served on October
2 15, 2007.

3 **8. Discovery:**

4 a. Except Plaintiff's Initial Disclosures, no discovery has been taken to date.
5
6 b. Scope of Anticipated Discovery: Plaintiff contemplates written discovery
7 and depositions of Defendant, several third parties and potential expert witnesses to determine:
8 Defendant's knowledge of Plaintiff, Plaintiff's "Works", the "HR COR Trademarks" and
9 Plaintiff's "Market Strategy; Defendant's creation, sales, marketing, distribution and
10 manufacturing of its "Accused Corbel Designs" and profits associated therewith; all redesigns of
11 Defendant's "Accused Corbel Designs"; Defendant's use and creation of "Defendant's Marks";
12 sales, distribution, advertising, marketing and promotion of goods or services in association with
13 "Defendant's Marks" by Defendant or under its authority and all profits associated therewith;
14 confusion between Plaintiff and Defendant due to Defendant's use of "Defendant's Marks";
15 licenses to use "Defendant's Marks"; the quality of goods sold, advertised or marketed by
16 Defendant; Defendant's reputation in the wood carving industry; Defendant's process of
17 determining what type of products to advertise, market and sell; how Defendant advertises,
18 markets and sells its products; corporate and business history of Defendant; business and
19 contractual relationship between Defendant and Pride Industrial, LLC ("Pride") or Jianguo
20 Industries, Inc. d/b/a Pacific Industries. Discovery will also be required as to Defendant's
21 counterclaims.
22
23
24

25 **9. Class Actions:** This matter is not a class action.

26 **10. Related Cases:** There are two (2) other pending lawsuits that are arguably related.
27 Plaintiff has filed a suit in the Southern District of Ohio against Defendant's supplier, Pride, and
28 Jianguo Industries, Inc.; Hardware Resources, Inc. v. Pride Industrial, LLC et al., 1:07 CV 244

(S.D. Ohio 2007). Defendant contends that the Ohio lawsuit is the primary basis for Defendant's Motion to Stay. Plaintiff has also filed another lawsuit in the Eastern District of California against another one of Pride's customers, Charles McMurray Co.; Hardware Resources v. Charles McMurray, 1:07-CV-01004-AWI (E.D. Cal. 2007). Plaintiff contents that the cases encompass similar products, Works and the HR COR Trademarks. Defendant contends that the cases encompass identical products, Works and the HR COR Trademarks.

11. Relief:

a. Defendant be preliminary and permanently enjoined from reproducing Plaintiff's Works, from preparing adaptations or derivative works based on the Works or by distributing copies of the Works to the public for sale.

b. Defendant be preliminarily and permanently enjoined from using Defendant's Marks or any other reproduction, counterfeit, copy or colorable imitation of the HR COR Trademarks in any matter likely to cause confusion, to cause mistake or to deceive.

c. Defendant be preliminarily and permanently enjoined from engaging in acts constituting unfair competition in violation of California Business and Professions Code §§17200 *et seq.*

d. Pursuant to 15 U.S.C. §1117, Defendant account and pay over to Plaintiff all damages sustained by Plaintiff and profits realized by Defendant as a result of Defendant's unlawful acts alleged herein and that such profits be increased as provided by law and damages be trebled for the willfulness of Defendant's acts.

e. Pursuant to 17 U.S.C. §504, Plaintiff is entitled to receive its actual damages and Defendant's profits as provided by 17 U.S.C. §504, statutory damages under 17 U.S.C. §504(c) and attorneys fees and costs pursuant to 17 U.S.C. §505.

12. Settlement and ADR:

a. The Parties are currently discussing settlement, a possible ADR plan and compliance with ADR L.R. 3-5.

1 b. In order for Plaintiff to make a settlement offer, it intends to seek
2 discovery on at least the following subjects:

- 3 - Documents and/or testimony sufficient to identify all distributors
4 of Defendant who have sold or offered for sale any of the
5 infringing products
- 6 - Documents and/or testimony related to Defendant's creation of the
7 infringing products, the creator of the infringing work and
8 Defendants' relationship to the creator of the infringing works;
- 9 - Documents and/or testimony related to Defendant's access to
10 Plaintiff's copyrighted designs;
- 11 - Documents sufficient to identify all products sold, offered for sale
12 and otherwise transferred by Defendant to any third party that
13 incorporate Plaintiff's copyrighted designs, the HR COR
14 Trademarks and all designs and marks sold by Defendant similar
15 thereto;
- 16 - Documents and/or testimony sufficient to identify Defendant's
17 entire inventory of the infringing products over a space of time
18 from at least 2004 to the present;
- 19 - Documents and/or testimony sufficient to identify all infringing
20 products sold, where they were sold and who they were sold to;
- 21 - Documents and/or testimony sufficient to identify all
22 manufacturers of the infringing products;
- 23 - Documents and/or testimony sufficient to provide an accounting of
24 Defendant's profits from all sales of the infringing products;
- 25 - Documents and/or testimony sufficient to identify the quality of
26 the infringing products;
- 27 - Documents and/or testimony sufficient to identify all offers for
28 sale of infringing products and to whom such offers were made;
 and
- Document and/or testimony sufficient to address issues of
 willfulness.

1 **13. Consent to Magistrate Judge For All Purposes:** The Parties do not consent to have a
2 magistrate judge conduct all further proceedings including trial and entry of judgment.

3 **14. Other References:** This case is not suitable for reference to binding arbitration, a special
4 master or the Judicial Panel on Multidistrict Litigation.

5 **15. Narrowing of Issues:** The Parties do not believe that any of the issues can be narrowed
6 at this time.

7 **16. Expedited Schedule:** The Parties do not believe that this type of case can be handled on
8 an expedited basis with streamlined procedures.

9 **17. Scheduling:**

- 10 a. Recommended date for identifying primary experts: February 15, 2008
11 b. Recommended date for producing primary expert reports: March 15, 2008
12 c. Recommended date for identifying rebuttal experts: March 1, 2008
13 d. Recommended date for producing rebuttal expert reports: July 1, 2008
14 e. Recommended discovery cut-off date: August 15, 2008
15 f. Recommended dispositive motion deadline: October 15, 2008
16 g. Recommended date for final pretrial conference: November 14, 2008
17 h. Recommended date for trial: December 18, 2008

18
19
20 **18. Trial:** The case will be tried to a jury. The Parties estimate that the trial should last
21 between four (4) and six (6) days.

22 **19. Disclosure of Non-party Interested Entities or Persons.** Plaintiff filed its "Certificate
23 of Interested Entities or Persons" on October 12, 2007. Plaintiff states that 2003 Riverside
24 Capital Appreciation Fund, L.P., a Delaware limited partnership, owns ten percent (10%) or
25 more of the common stock of Plaintiff Hardware Resources, Inc.

26 **20. Other Matter:** The parties believe that a Joint Protective Order will be required to
27 protect sensitive business information of the parties during discovery and trial of this case. The
28

1 parties anticipate negotiating the terms of such an order and submitting it to the Court in about
2 thirty (30) days.

3 **21. Attestation:** Plaintiff attests that the content of this document is acceptable by all parties
4 required to sign the document.

5
6
7 Dated: October 12, 2007.

Respectfully submitted,

8
9 /s/ George R. Schultz
10 GEORGE R. SCHULTZ, Tex #17837500,
11 *Pro Hac Vice*
12 Attorney For Plaintiff
13 HARDWARE RESOURCES, INC.

14 /s/ Mark H. Harris
15 MARK H. HARRIS, SB # 133578
16 E-Mail: Harris.Law@att.net
17 Law Office of Mark H. Harris
18 2207 J. Street
19 Sacramento, CA 95816
20 Telephone: (916) 442-6155
21 Facsimile: (916) 44405921

22 Attorney For Defendant
23 WEST COAST MOBILE HARDWARE, INC.
24
25
26
27
28

CERTIFICATE OF SERVICE

I hereby certify that on October 12, 2007, I electronically filed the Joint Case Management Statement with the clerk of the court for the U.S. District Court, Northern District of California, using the electronic case filing system of the Court. The electronic case filing system sent a "Notice of Electronic Filing" to the following attorneys of record who have consented in writing to accept this Notice as service of this document by electronic means:

Mark H. Harris harris.law@att.net

A true and correct copy of the Joint Case Management Statement was served upon the persons listed below in the manner indicated on October 12, 2007.

Mark H. Harris
Law Offices of Mark H. Harris
2207 J Street
Sacramento, CA 95816
Telephone: 916-442-6155
Fax: 916-444-5921

*Via First Class Mail,
Postage Pre-Paid*

Donald J. Rafferty
Cohen, Todd, Kite & Stanford, LLC
250 East Fifth Street, Suite 1200
Cincinnati, Ohio 45202
Telephone: 513-333-5243
Facsimile: 513-241-4495

*Via First Class Mail,
Postage Pre-Paid*

/s/ George R. Schultz
George R. Schultz